

EXHIBIT 3

ROSS B. JONES, SBN 120593
Merrill, Arnove & Jones, LLP
3554 Round Barn Boulevard, Suite 303
Santa Rosa, California 95403
Telephone: (707) 528-2882
Facsimile: (707) 528-6015

Attorneys for Defendants
HEDMARK VIII, LLC AND
WESTLAND FINANCIAL III, LLC

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

DOUGLAS KEANE.

Plaintiff.

vs.

HEDMARK VIII, LLC and
WESTLAND FINANCIAL III, LLC

Defendants.

CASE NO. C 07-06074 EMC

**ANSWER AND AFFIRMATIVE
DEFENSES TO COMPLAINT
FOR DAMAGES;
COUNTERCLAIMS**

DEMAND FOR JURY TRIAL

Defendants HEDMARK VIII, LLC and WESTLAND FINANCIAL III, LLC
answer the Complaint of plaintiff DOUGLAS KEANE as follows:

FIRST CAUSE OF ACTION

1. Answering paragraph 1, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 1, and on that basis, denies those allegations.

2. Defendants admit that at all times pertinent to this action HEDMARK VIII, LLC was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

3. Defendants admit that at all times pertinent to this action WESTLAND FINANCIAL III, LLC, was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

4. Answering paragraph 4, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 4, and on that basis, denies those allegations.

5. Answering paragraph 5, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 5, and on that basis, denies those allegations.

6. Answering paragraph 6, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 6, and on that basis, denies those allegations.

7. Answering the allegations contained in paragraph 7 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

8. Answering the allegations contained in paragraph 8 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

9. Answering paragraph 9, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 9, and on that basis, denies those allegations.

10. Answering the allegations contained in paragraph 10 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

11. Answering the allegations contained in paragraph 11 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

1 12. Answering the allegations contained in paragraph 12 of the plaintiffs
2 Complaint, defendants generally and specifically deny each and every, all and singular,
3 allegation contained therein.

4 13. Answering the allegations contained in paragraph 13 of the plaintiffs
5 Complaint, defendants generally and specifically deny each and every, all and singular,
6 allegation contained therein.

7 14. Answering the allegations contained in paragraph 14 of the plaintiffs
8 Complaint, defendants generally and specifically deny each and every, all and singular,
9 allegation contained therein.

10 15. Answering the allegations contained in paragraph 15 of the plaintiffs
11 Complaint, defendants generally and specifically deny each and every, all and singular,
12 allegation contained therein.

13 16. Answering the allegations contained in paragraph 16 of the plaintiffs
14 Complaint, defendants generally and specifically deny each and every, all and singular,
15 allegation contained therein.

16 17. Answering the allegations contained in paragraph 17 of the plaintiffs
17 Complaint, defendants generally and specifically deny each and every, all and singular,
18 allegation contained therein.

19 18. Answering the allegations contained in paragraph 18 of the plaintiffs
20 Complaint, defendants generally and specifically deny each and every, all and singular,
21 allegation contained therein.

22 19. Answering the allegations contained in paragraph 19 of the plaintiffs
23 Complaint, defendants generally and specifically deny each and every, all and singular,
24 allegation contained therein.

SECOND CAUSE OF ACTION

20. Although paragraph 19 does not require an answer, defendant incorporates by this reference each of its answers set forth above in response to the allegation contained in paragraph 1 through 19 of the Complaint.

21. Answering paragraph 21, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 21, and on that basis, denies those allegations.

22. Defendants admit that at all times pertinent to this action HEDMARK VIII, LLC was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

23. Defendants admit that at all times pertinent to this action WESTLAND III was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

24. Answering paragraph 24, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 24, and on that basis, denies those allegations.

25. Answering paragraph 25, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 25, and on that basis, denies those allegations.

26. Answering paragraph 26, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 26, and on that basis, denies those allegations.

27. Answering the allegations contained in paragraph 27 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

28. Answering the allegations contained in paragraph 28 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

29. Answering paragraph 29, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 29, and on that basis, denies those allegations.

30. Answering the allegations contained in paragraph 30 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

31. Answering the allegations contained in paragraph 31 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

32. Answering the allegations contained in paragraph 32 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

33. Answering the allegations contained in paragraph 33 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

34. Answering the allegations contained in paragraph 34 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

35. Answering the allegations contained in paragraph 35 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

36. Answering the allegations contained in paragraph 36 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

37. Answering the allegations contained in paragraph 37 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

38. Answering the allegations contained in paragraph 38 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

39. Answering the allegations contained in paragraph 39 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

THIRD CAUSE OF ACTION

40. Answering the allegations contained in paragraph 40 of the Complaint, defendants reallege and incorporate by reference all of their answers previously made herein for paragraphs 1 through 39 above, as though set forth in their entirety.

41. Answering paragraph 41, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 41, and on that basis, denies those allegations.

42. Defendants admit that at all times pertinent to this action HEDMARK VIII, LLC was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

43. Defendants admit that at all times pertinent to this action WESTLAND III, LLC was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

44. Answering paragraph 44, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 44, and on that basis, denies those allegations.

45. Answering paragraph 45, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 45, and on that basis, denies those allegations.

46. Answering paragraph 46, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 41, and on that basis, denies those allegations.

1 47. Answering the allegations contained in paragraph 47 of the plaintiffs
2 Complaint, defendants generally and specifically deny each and every, all and singular,
3 allegation contained therein.

4 48. Answering the allegations contained in paragraph 48 of the plaintiffs
5 Complaint, defendants generally and specifically deny each and every, all and singular,
6 allegation contained therein.

7 49. Answering paragraph 49, defendants are without information or belief
8 sufficient form or belief as to the truth or falsity as to the allegations of paragraph 49, and
9 on that basis, denies those allegations.

10 50. Answering the allegations contained in paragraph 50 of the plaintiffs
11 Complaint, defendants generally and specifically deny each and every, all and singular,
12 allegation contained therein.

13 51. Answering the allegations contained in paragraph 51 of the plaintiffs
14 Complaint, defendants generally and specifically deny each and every, all and singular,
15 allegation contained therein.

16 52. Answering the allegations contained in paragraph 52 of the plaintiffs
17 Complaint, defendants generally and specifically deny each and every, all and singular,
18 allegation contained therein.

19 53. Answering the allegations contained in paragraph 53 of the plaintiffs
20 Complaint, defendants generally and specifically deny each and every, all and singular,
21 allegation contained therein.

22 54. Answering the allegations contained in paragraph 54 of the plaintiffs
23 Complaint, defendants generally and specifically deny each and every, all and singular,
24 allegation contained therein.

25 55. Answering the allegations contained in paragraph 55 of the plaintiffs
26 Complaint, defendants generally and specifically deny each and every, all and singular,
27 allegation contained therein.
28

56. Answering the allegations contained in paragraph 56 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

57. Answering the allegations contained in paragraph 57 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

58. Answering the allegations contained in paragraph 58 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

59. Answering the allegations contained in paragraph 59 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

FOURTH CAUSE OF ACTION

60. Answering the allegations contained in paragraph 60 of the Complaint, defendants reallege and incorporate by reference all of their answers previously made herein for paragraphs 1 through 59 above, as though set forth in their entirety.

61. Answering paragraph 61, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 61, and on that basis, denies those allegations.

62. Defendants admit that at all times pertinent to this action HEDMARK VIII, LLC was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

63. Defendants admit that at all times pertinent to this action WESTLAND FINANCIAL III, LLC was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

64. Answering paragraph 64, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 64, and on that basis, denies those allegations.

65. Answering paragraph 65, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 65, and on that basis, denies those allegations.

66. Answering paragraph 66, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 66, and on that basis, denies those allegations.

67. Answering the allegations contained in paragraph 67 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

68. Answering the allegations contained in paragraph 68 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

69. Answering paragraph 69, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 69, and on that basis, denies those allegations.

70. Answering the allegations contained in paragraph 70 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

71. Answering the allegations contained in paragraph 71 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

72. Answering the allegations contained in paragraph 72 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

73. Answering the allegations contained in paragraph 73 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

1 74. Answering the allegations contained in paragraph 74 of the plaintiffs
2 Complaint, defendants generally and specifically deny each and every, all and singular,
3 allegation contained therein.

4 75. Answering the allegations contained in paragraph 75 of the plaintiffs
5 Complaint, defendants generally and specifically deny each and every, all and singular,
6 allegation contained therein.

7 76. Answering the allegations contained in paragraph 76 of the plaintiffs
8 Complaint, defendants generally and specifically deny each and every, all and singular,
9 allegation contained therein.

10 77. Answering the allegations contained in paragraph 77 of the plaintiffs
11 Complaint, defendants generally and specifically deny each and every, all and singular,
12 allegation contained therein.

13 78. Answering the allegations contained in paragraph 78 of the plaintiffs
14 Complaint, defendants generally and specifically deny each and every, all and singular,
15 allegation contained therein.

16 79. Answering the allegations contained in paragraph 79 of the plaintiffs
17 Complaint, defendants generally and specifically deny each and every, all and singular,
18 allegation contained therein.

19 **FIFTH CAUSE OF ACTION**

20 80. Answering the allegations contained in paragraph 80 of the Complaint,
21 defendants reallege and incorporate by reference all of their answers previously made
22 herein for paragraphs 1 through 79 above, as though set forth in their entirety.

23 81. Answering paragraph 81, defendants are without information or belief
24 sufficient form or belief as to the truth or falsity as to the allegations of paragraph 81, and
25 on that basis, denies those allegations.

26 82. Defendants admit that at all times pertinent to this action HEDMARK VIII,
27 LLC was a Nevada limited liability company. Defendant denies the remaining allegations
28 contained therein.

1 83. Defendants admit that at all times pertinent to this action WESTLAND
2 FINANCIAL VIII, LLC was a Nevada limited liability company. Defendant denies the
3 remaining allegations contained therein.

4 84. Answering paragraph 84, defendants are without information or belief
5 sufficient form or belief as to the truth or falsity as to the allegations of paragraph 84, and
6 on that basis, denies those allegations.

7 85. Answering paragraph 85, defendants are without information or belief
8 sufficient form or belief as to the truth or falsity as to the allegations of paragraph 85, and
9 on that basis, denies those allegations.

10 86. Answering paragraph 86, defendants are without information or belief
11 sufficient form or belief as to the truth or falsity as to the allegations of paragraph 86, and
12 on that basis, denies those allegations.

13 87. Answering the allegations contained in paragraph 87 of the plaintiffs
14 Complaint, defendants generally and specifically deny each and every, all and singular,
15 allegation contained therein.

16 88. Answering the allegations contained in paragraph 88 of the plaintiffs
17 Complaint, defendants generally and specifically deny each and every, all and singular,
18 allegation contained therein.

19 89. Answering paragraph 89, defendants are without information or belief
20 sufficient form or belief as to the truth or falsity as to the allegations of paragraph 89, and
21 on that basis, denies those allegations.

22 90. Answering the allegations contained in paragraph 90 of the plaintiffs
23 Complaint, defendants generally and specifically deny each and every, all and singular,
24 allegation contained therein.

25 91. Answering the allegations contained in paragraph 91 of the plaintiffs
26 Complaint, defendants generally and specifically deny each and every, all and singular,
27 allegation contained therein.
28

1 92. Answering the allegations contained in paragraph 92 of the plaintiffs
2 Complaint, defendants generally and specifically deny each and every, all and singular,
3 allegation contained therein.

4 93. Answering the allegations contained in paragraph 93 of the plaintiffs
5 Complaint, defendants generally and specifically deny each and every, all and singular,
6 allegation contained therein.

7 94. Answering the allegations contained in paragraph 94 of the plaintiffs
8 Complaint, defendants generally and specifically deny each and every, all and singular,
9 allegation contained therein.

10 95. Answering the allegations contained in paragraph 95 of the plaintiffs
11 Complaint, defendants generally and specifically deny each and every, all and singular,
12 allegation contained therein.

13 96. Answering the allegations contained in paragraph 96 of the plaintiffs
14 Complaint, defendants generally and specifically deny each and every, all and singular,
15 allegation contained therein.

16 97. Answering the allegations contained in paragraph 97 of the plaintiffs
17 Complaint, defendants generally and specifically deny each and every, all and singular,
18 allegation contained therein.

19 98. Answering the allegations contained in paragraph 98 of the plaintiffs
20 Complaint, defendants generally and specifically deny each and every, all and singular,
21 allegation contained therein.

22 99. Answering the allegations contained in paragraph 99 of the plaintiffs
23 Complaint, defendants generally and specifically deny each and every, all and singular,
24 allegation contained therein.

SIXTH CAUSE OF ACTION

100. Answering the allegations contained in paragraph 100 of the Complaint, defendants reallege and incorporate by reference all of their answers previously made herein for paragraphs 1 through 99 above, as though set forth in their entirety.

101. Answering paragraph 101, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 101, and on that basis, denies those allegations.

102. Defendants admit that at all times pertinent to this action HEDMARK VIII, LLC was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

103. Defendants admit that at all times pertinent to this action WESTLAND FINANCIAL III, LLC was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

104. Answering paragraph 104, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 104, and on that basis, denies those allegations.

105. Answering paragraph 105, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 105, and on that basis, denies those allegations.

106. Answering paragraph 106, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 106, and on that basis, denies those allegations.

107. Answering the allegations contained in paragraph 107 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

108. Answering the allegations contained in paragraph 108 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

1 109. Answering paragraph 109, defendants are without information or belief
2 sufficient form or belief as to the truth or falsity as to the allegations of paragraph 109,
3 and on that basis, denies those allegations.

4 110. Answering the allegations contained in paragraph 110 of the plaintiffs
5 Complaint, defendants generally and specifically deny each and every, all and singular,
6 allegation contained therein.

7 111. Answering the allegations contained in paragraph 111 of the plaintiffs
8 Complaint, defendants generally and specifically deny each and every, all and singular,
9 allegation contained therein.

10 112. Answering the allegations contained in paragraph 112 of the plaintiffs
11 Complaint, defendants generally and specifically deny each and every, all and singular,
12 allegation contained therein.

13 113. Answering the allegations contained in paragraph 113 of the plaintiffs
14 Complaint, defendants generally and specifically deny each and every, all and singular,
15 allegation contained therein.

16 114. Answering the allegations contained in paragraph 114 of the plaintiffs
17 Complaint, defendants generally and specifically deny each and every, all and singular,
18 allegation contained therein.

19 115. Answering the allegations contained in paragraph 115 of the plaintiffs
20 Complaint, defendants generally and specifically deny each and every, all and singular,
21 allegation contained therein.

22 116. Answering the allegations contained in paragraph 116 of the plaintiffs
23 Complaint, defendants generally and specifically deny each and every, all and singular,
24 allegation contained therein.

25 117. Answering the allegations contained in paragraph 117 of the plaintiffs
26 Complaint, defendants generally and specifically deny each and every, all and singular,
27 allegation contained therein.
28

118. Answering the allegations contained in paragraph 118 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

119. Answering the allegations contained in paragraph 119 of the plaintiffs Complaint, defendants generally and specifically deny each and every, all and singular, allegation contained therein.

SEVENTH CAUSE OF ACTION

120. Answering the allegations contained in paragraph 120 of the Complaint, defendants reallege and incorporate by reference all of their answers previously made herein for paragraphs 1 through 119 above, as though set forth in their entirety.

121. Answering paragraph 121, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 121, and on that basis, denies those allegations.

122. Defendants admit that at all times pertinent to this action HEDMARK VIII, LLC was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

123. Defendants admit that at all times pertinent to this action WESTLAND FINANCIAL III, LLC was a Nevada limited liability company. Defendant denies the remaining allegations contained therein.

124. Answering paragraph 124, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 124, and on that basis, denies those allegations.

125. Answering paragraph 125, defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 125, and on that basis, denies those allegations.

120. (126.) Answering paragraph 120 (126), defendants are without information or belief sufficient form or belief as to the truth or falsity as to the allegations of paragraph 120 (126), and on that basis, denies those allegations.

1 121. (127.) Answering the allegations contained in paragraph 121 (127) of the
2 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
3 singular, allegation contained therein.

4 122. (128.) Answering the allegations contained in paragraph 122 (128) of the
5 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
6 singular, allegation contained therein.

7 123. (129.) Answering paragraph 123 (129), defendants are without information
8 or belief sufficient form or belief as to the truth or falsity as to the allegations of
9 paragraph 123 (129), and on that basis, denies those allegations.

10 124. (130.) Answering the allegations contained in paragraph 124 (130) of the
11 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
12 singular, allegation contained therein.

13 125. (131.) Answering the allegations contained in paragraph 125 (131) of the
14 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
15 singular, allegation contained therein.

16 126. (132.) Answering the allegations contained in paragraph 126 (132) of the
17 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
18 singular, allegation contained therein.

19 127. (133.) Answering the allegations contained in paragraph 127 (133) of the
20 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
21 singular, allegation contained therein.

22 128. (134.) Answering the allegations contained in paragraph 128 (134) of the
23 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
24 singular, allegation contained therein.

25 129. (135.) Answering the allegations contained in paragraph 129 (135) of the
26 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
27 singular, allegation contained therein.
28

1 130. (136.) Answering the allegations contained in paragraph 130 (136) of the
2 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
3 singular, allegation contained therein.

4 131. (137.) Answering the allegations contained in paragraph 131 (137) of the
5 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
6 singular, allegation contained therein.

7 132. (138.) Answering the allegations contained in paragraph 132 (138) of the
8 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
9 singular, allegation contained therein.

10 133. (139.) Answering the allegations contained in paragraph 133 (139) of the
11 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
12 singular, allegation contained therein.

13 **EIGHT CAUSE OF ACTION**

14 134. (140.) Although paragraph 134 (140) does not require an answer, defendant
15 incorporates by this reference each of its answers set forth above in response to the
16 allegations contained in paragraphs 1-134 (140).

17 135 (141) Answering paragraph 135 (141), defendants are without information
18 or belief sufficient form or belief as to the truth or falsity as to the allegations of
19 paragraph 135 (141), and on that basis, denies those allegations.

20 136. (142) Defendants admit that at all times pertinent to this action
21 HEDMARK VIII, LLC was a Nevada limited liability company. Defendant denies the
22 remaining allegations contained therein.

23 137. (143) Defendants admit that at all times pertinent to this action
24 WESTLAND FINANCIAL III, LLC was a Nevada limited liability company. Defendant
25 denies the remaining allegations contained therein.

26 138. (144.) Answering paragraph 138 (144), defendants are without information
27 or belief sufficient form or belief as to the truth or falsity as to the allegations of
28 paragraph 138 (144), and on that basis, denies those allegations.

1 139. (145.) Answering paragraph 139 (145), defendants are without information
2 or belief sufficient form or belief as to the truth or falsity as to the allegations of
3 paragraph 139 (145), and on that basis, denies those allegations.

4 140. (146.) Answering paragraph 140 (146), defendants are without information
5 or belief sufficient form or belief as to the truth or falsity as to the allegations of
6 paragraph 140 (146), and on that basis, denies those allegations.

7 141. (147.) Answering the allegations contained in paragraph 141 (147) of the
8 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
9 singular, allegation contained therein.

10 142. (148.) Answering the allegations contained in paragraph 142 (148) of the
11 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
12 singular, allegation contained therein.

13 143. (149.) Answering paragraph 143 (149), defendants are without information
14 or belief sufficient form or belief as to the truth or falsity as to the allegations of
15 paragraph 143 (149), and on that basis, denies those allegations.

16 144. (150.) Answering the allegations contained in paragraph 144 (150) of the
17 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
18 singular, allegation contained therein.

19 145 (151.) Answering the allegations contained in paragraph 145 (151) of the
20 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
21 singular, allegation contained therein.

22 146. (152.) Answering the allegations contained in paragraph 146 (152) of the
23 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
24 singular, allegation contained therein.

25 147. (153.) Answering the allegations contained in paragraph 147 (153) of the
26 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
27 singular, allegation contained therein.
28

1 148. (154.) Answering the allegations contained in paragraph 148 (155) of the
2 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
3 singular, allegation contained therein.

4 149. (155.) Answering the allegations contained in paragraph 149 (156) of the
5 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
6 singular, allegation contained therein.

7 150. (156.) Answering the allegations contained in paragraph 150 (156) of the
8 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
9 singular, allegation contained therein.

10 151. (157.) Answering the allegations contained in paragraph 151 (157) of the
11 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
12 singular, allegation contained therein.

13 152. (158.) Answering the allegations contained in paragraph 152 (158) of the
14 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
15 singular, allegation contained therein.

16 153. (159.) Answering the allegations contained in paragraph 153 (160) of the
17 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
18 singular, allegation contained therein.

19 **NINTH CAUSE OF ACTION**

20 154. (160.) Although paragraph 154 (160) does not require an answer, defendant
21 incorporates by this reference each of its answers set forth above in response to the
22 allegations contained in paragraphs 1-153 (159).

23 155. (161.) Answering paragraph 156 (161), defendants are without information
24 or belief sufficient form or belief as to the truth or falsity as to the allegations of
25 paragraph 155 (161), and on that basis, denies those allegations.

26 156. (162.) Defendants admit that at all times pertinent to this action
27 HEDMARK VIII, LLC was a Nevada limited liability company. Defendant denies the
28 remaining allegations contained therein.

1 157. (163.) Defendants admit that at all times pertinent to this action
2 WESTLAND FINANCIAL III, LLC was a Nevada limited liability company. Defendant
3 denies the remaining allegations contained therein.

4 158. (164.) Answering paragraph 158 (164), defendants are without information
5 or belief sufficient form or belief as to the truth or falsity as to the allegations of
6 paragraph 158 (164), and on that basis, denies those allegations.

7 159. (165.) Answering paragraph 159 (165), defendants are without information
8 or belief sufficient form or belief as to the truth or falsity as to the allegations of
9 paragraph 159 (165), and on that basis, denies those allegations.

10 160. (166.) Answering paragraph 160 (166), defendants are without information
11 or belief sufficient form or belief as to the truth or falsity as to the allegations of
12 paragraph 160 (166), and on that basis, denies those allegations.

13 161. (167.) Answering the allegations contained in paragraph 161 (167) of the
14 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
15 singular, allegation contained therein.

16 162. (168.) Answering the allegations contained in paragraph 162 (168) of the
17 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
18 singular, allegation contained therein.

19 163. (169.) Answering the allegations contained in paragraph 163 (169) of the
20 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
21 singular, allegation contained therein.

22 164. (170.) Answering the allegations contained in paragraph 164 (170) of the
23 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
24 singular, allegation contained therein.

25 165. (171.) Answering the allegations contained in paragraph 165 (171) of the
26 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
27 singular, allegation contained therein.
28

1 166. (172.) Answering the allegations contained in paragraph 166 (172) of the
2 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
3 singular, allegation contained therein.

4 167. (173.) Answering the allegations contained in paragraph 167 (173) of the
5 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
6 singular, allegation contained therein.

7 168. (174.) Answering the allegations contained in paragraph 168 (174) of the
8 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
9 singular, allegation contained therein.

10 169. (175.) Answering the allegations contained in paragraph 169 (175) of the
11 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
12 singular, allegation contained therein.

13 170. (176.) Answering paragraph 170 (176), defendants are without information
14 or belief sufficient form or belief as to the truth or falsity as to the allegations of
15 paragraph 170 (176), and on that basis, denies those allegations.

16 171. (177.) Answering paragraph 171 (177), defendants are without information
17 or belief sufficient form or belief as to the truth or falsity as to the allegations of
18 paragraph 171 (177), and on that basis, denies those allegations.

19 172. (178.) Answering the allegations contained in paragraph 172 (178) of the
20 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
21 singular, allegation contained therein.

22 173. (179.) Answering the allegations contained in paragraph 173 (179) of the
23 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
24 singular, allegation contained therein.

25 174. (180.) Answering the allegations contained in paragraph 174 (180) of the
26 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
27 singular, allegation contained therein.
28

1 175. (181.) Answering the allegations contained in paragraph 175 (181) of the
2 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
3 singular, allegation contained therein.

4 176. (182.) Answering the allegations contained in paragraph 176 (182) of the
5 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
6 singular, allegation contained therein.

7 177. (183.) Answering the allegations contained in paragraph 177 (183) of the
8 plaintiffs Complaint, defendants generally and specifically deny each and every, all and
9 singular, allegation contained therein.

10
11 AS SEPARATE AND AFFIRMATIVE DEFENSE(S), defendants allege:

12 **AFFIRMATIVE DEFENSES**

13 First Affirmative Defense
14 (Failure to State Claim)

15 1. The Complaint, and each claim for relief, fails to state a claim on which
16 relief can be granted.

17 Second Affirmative Defense
(Preemption)

18 2. Plaintiff's claims are preempted by the provisions of the Copyright Act, 17
19 U.S.C section 101 et seq.

20 Third Affirmative Defense
21 (Estoppel)

22 3. Plaintiff's claims are barred by general principles of estoppel.

23 Fourth Affirmative Defense
(Waiver)

24 4. Plaintiff's claims are barred by the doctrine of waiver.

25 Fifth Affirmative Defense
26 (Unclean Hands)

27 5. Plaintiff's claims are barred by the doctrine of unclean hands.
28

Sixth Affirmative Defense
(Consent)

6. Plaintiff's claims are barred by the doctrine of consent.

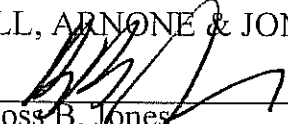
WHEREFORE, Defendants HEDMARK VIII, LLC and WESTLAND FINANCIAL III, LLC pray for judgment on the Complaint as follows:

1. The plaintiff take nothing by his Complaint and that judgment be entered against these answering defendants on all claims for relief;
2. For defendants' costs of suit including reasonable attorney's fees.
3. For such other and further relief as the court deems just and proper.

DATED: December 5, 2007

MERRILL, ARNONE & JONES, LLP

By:


Ross B. Jones
Attorney for defendants
HEDMARK VIII, LLC and
WESTLAND FINANCIAL III, LLC

COUNTERCLAIMS

Jurisdiction and Venue

1. These Counterclaims, as hereinafter more fully appears, arise under the California Uniform Trade Secrets Act, Calif. Civil Code §3426.1 et. seq., and also asserts related claims under the common law of torts. Jurisdiction is based upon 28 U.S.C. §1367(a). Venue is proper under 28 U.S.C. § 1441(a).

The Parties

2. Counterclaimant WESTLAND III, LLC is a Nevada, LLC with its principal place of business in Pitkin County, Colorado.

3. Counterclaimant is informed and believes, and based thereon alleges, that Counterdefendant Douglas KEANE is a resident of Sonoma County, California.

//

//

Transactional Facts

4. Counterclaimant WESTLAND is the owner of the Les Mars Hotel, located in Healdsburg, California.

5. Counterdefendant KEANE is the executive chef of Cyrus Restaurant, which is located within the Les Mars Hotel ("Hotel."). KEANE is a managing member of Hburg Restaurants, LLC. Hburg Restaurants, LLC is the tenant in a commercial lease with WESTLAND for the operation of Cyrus Restaurant.

6. Atlas Hospitality Group, Inc. ("Atlas") is a brokerage that specializes in the marketing and sale of hotels in the California market.

7. During or around March, 2007, WESTLAND retained Atlas to ascertain and investigate possible interest in the purchase of the Hotel.

8. Because placing the Hotel on the market, and disclosure of the listing price could potentially adversely effect its ongoing operations, alert competitors, and affect staff and guests, WESTLAND and Atlas undertook efforts to maintain the secrecy of the fact that the Hotel was being placed on the market, along with the secrecy of the listing price for the Hotel.

9. More specifically, the offering prospectus for the hotel ("Prospectus") was only distributed to a limited number of qualified interested persons (numbering less than ten), all of whom were required to sign a nondisclosure agreement prior to receiving the prospectus.

10. Furthermore, the first page of the Prospectus, entitled Confidential Offering Memorandum, contains the header "CONFIDENTIALITY AND DISLCOSURE STATEMENT," and includes the following:

By acknowledgment of your receipt of this Package, you agree that: its contents are confidential; you will hold and treat it in the strictest of confidence; you will not, directly or indirectly, disclose or permit anyone else to disclose this Package or its contents to any person, firm or entity without prior written authorization of Atlas Hospitality Group; you will not use or permit this Package or its contents to be used in any fashion or manner detrimental to the interest of the Owner of the Property. PHOTOCOPYING

OR OTHER DUPLICATION OF ANY PART OF THIS PACKAGE IS STRICTLY PROHIBITED.

A true and correct copy of the first page of the Prospectus is attached hereto and incorporated by reference as Exhibit A.

11. The fact that the Hotel was being placed on the market for sale, and the Hotel's selling price, had actual or economic value to the Hotel's competitors. These facts were WESTLAND's valuable trade secrets, and were the subject or reasonable measures to maintain the secrecy of such information.

12. Counterclaimant is informed and believes, and based thereon alleges, that within the last six months Counterdefendant KEANE obtained the Prospectus through improper means.

13. Counterclaimant is informed and believes, and based thereon alleges, that Counterdefendant KEANE misappropriated WESTLAND's trade secrets by acquiring the Prospectus with knowledge or reason to know that the trade secrets were acquired by improper means; and by disclosure or use of the trade secrets, including but not limited to filing a Complaint in the Sonoma County Superior Court that identified the Hotel as being for sale, and identified the sales price of the Hotel in over 70 different paragraphs of the Complaint.

FIRST CLAIM FOR RELIEF
(Misappropriation of Trade Secrets)

14. Counterclaimant repeats and realleges each and every allegation contained in paragraphs 1 through 13 of this Counterclaim, as though fully set forth herein.

15. Counterclaimant was in possession of trade secrets consisting, among other things, of the fact that the Hotel was being offered for sale to select parties, and the proposed sales price of the Hotel.

16. Counterclaimant's trade secrets had actual or prospective economic value to Counterclaimant's competitors or others who could make use of such information,

1 including but not limited to the impact of the Hotel's proposed sale at a particular price
2 on the marketing, financial, advertising and sales of the Hotel.

3 17. Counterclaimant took reasonable measures to protect the secrecy of the
4 information by requiring that any persons who obtained the information sign a
5 nondisclosure agreement before disclosure of the trade secret information, and by
6 confirming the secrecy obligations as a condition to receiving the Prospectus that
7 contained the trade secret information.

8 18. Counterclaimant is informed and believes, and based thereon alleges, that
9 Counterdefendant KEANE misappropriated WESTLAND's trade secrets by acquiring the
10 Prospectus with knowledge or reason to know that the trade secrets were acquired by
11 improper means; and by disclosure or use of the trade secrets, including but not limited to
12 filing a Complaint in the Sonoma County Superior Court that identified the Hotel as
13 being for sale, and identified the sales price of the Hotel in over 70 different paragraphs
14 of the Complaint.

15 19. As a proximate result of the misappropriation of Counterclaimant's trade
16 secrets, it has been damaged by the disclosure of the Hotel's proposed sale and sales
17 price, in a sum according to proof.

18 20. Counterclaimant is informed and believes and thereon alleges that the
19 aforementioned acts of Counterdefendant were willful and malicious. Counterclaimant is
20 informed and believes that Counterdefendant misappropriated Counterclaimant's trade
21 secrets with the deliberate intent to injure the Hotel's business. Counterclaimant is
22 therefore entitled to punitive damages. Counterclaimant is also entitled to reasonable
23 attorney's fees pursuant to the California Uniform Trade Secrets Act.

24 **SECOND CLAIM FOR RELIEF**
25 (Intentional Interference with Prospective Business Advantage)

26 21. Counterclaimant repeats and realleges each and every allegation contained
27 in paragraphs 1 through 20 of this Counterclaim, as though fully set forth herein.
28

22. Counterclaimant retained Atlas to discretely market the prospective sale of the Hotel to a limited number of qualified potential buyers. Counterclaimant took steps to ensure that the fact that the Hotel was being offered for sale, and the proposed sales price, did not become publicly available information.

23. Counterdefendant KEANE knew of the above described relationship existing between Counterclaimant, Atlas and the undisclosed prospective purchasers in that KEANE obtained a copy of the confidential Prospectus.

24. Counterclaimant is informed and believes, and based thereon alleges, that Counterdefendant KEANE misappropriated WESTLAND's trade secrets by acquiring the Prospectus with knowledge or reason to know that the trade secrets were acquired by improper means; and by disclosure or use of the trade secrets, including but not limited to filing a Complaint in the Sonoma County Superior Court that identified the Hotel as being for sale, and identified the sales price of the Hotel in over 70 different paragraphs of the Complaint, and disclosing that WESTLAND had retained Atlas to seek prospective buyers for the Hotel.

25. Counterdefendant disclosed these facts with the intent to harm WESTLAND financially and to induce Atlas to sever its agency with WESTLAND and to further reduce the viability of the Hotel by disclosing the existence of the proposed sale of the property.

26. Counterdefendant's actions constituted misappropriation of WESTLAND's trade secrets as described above.

27. Counterdefendant is informed and believes, and based thereon alleges, that it suffered economic harm from Counterdefendant's actions in that the wrongful disclosure of the above facts has impeded Atlas' ability to market the Hotel, has caused rumors and questions within the Hotel's staff and otherwise injured the reputation of the Hotel, in a sum according to proof.

28. Counterclaimant is informed and believes and thereon alleges that the aforementioned acts of Counterdefendant were willful and malicious. Counterclaimant is

1 informed and believes that Counterdefendant's acts were undertaken with the deliberate
2 intent to injure the Hotel's business. Counterclaimant is therefore entitled to punitive
3 damages.

4
5 **PRAYER FOR RELIEF**

6 **AS TO FIRST CLAIM FOR RELIEF:**

7 1. That Counterdefendant KEANE be required to pay Counterclaimant
8 WESTLAND such damages it has suffered or will suffer by reason of
9 Counterdefendant's violation of Counterclaimant's rights under the Uniform Trade
10 Secrets Act.

11 2. That Counterdefendant KEANE be required to pay exemplary damages.

12 3. That Counterclaimant WESTLAND have and recover the costs, including
13 reasonable attorney's fees, of this civil action.

14 4. That Counterclaimant WESTLAND have such other and further relief as
15 the Court may deem just and proper.

16 **AS TO SECOND CLAIM FOR RELIEF:**

17 1. That Counterdefendant KEANE be required to pay Counterclaimant
18 WESTLAND such damages it has suffered or will suffer by reason of
19 Counterdefendant's violation of Counterclaimant's rights under the common law.

20 2. That Counterdefendant KEANE be required to pay exemplary damages.

21 3. That Counterclaimant WESTLAND have and recover the costs of this civil
22 action.

23 4. That Counterclaimant WESTLAND have such other and further relief as
24 the Court may deem just and proper.

25 Dated: December 5, 2007

MERRILL, ARNONE & JONES, LLP

26
27 By: 

Ross B. Jones
Attorneys for Plaintiff

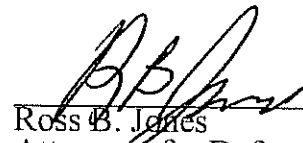
DEMAND FOR JURY TRIAL

Defendants and Counterclaimant hereby demands trial by jury.

DATED: December 5, 2007

MERRILL, ARNONE & JONES, LLP

By:



Ross B. Jones
Attorneys for Defendants and
Counterclaimant
HEDMARK VIII, LLC and
WESTLAND FINANCIAL III,
LLC

EXHIBIT A

Confidential Offering Memorandum

CONFIDENTIALITY AND DISCLOSURE STATEMENT

THIS CONFIDENTIAL PROPERTY INFORMATION PACKAGE (Package) is intended solely for your own limited use in considering the pursuit of negotiations to the Les Mars Hotel (Property) located in Healdsburg, California, and is not intended to be an offer for the sale of the Property.

The Atlas Hospitality Group has prepared this confidential Package, which contains brief, selected information pertaining to the business and affairs of the Property. Any information contained herein is obtained from sources considered reliable. However, neither the Owner of the Property nor Atlas Hospitality Group purport this Package to be all-inclusive or to contain all the information a prospective purchaser may desire. In addition, neither the Owner nor Atlas Hospitality Group is responsible for any misstatement of facts, errors, omissions, prior sale, withdrawal from market, or change in terms, conditions or price without notice. The information supplied herein is for informational purposes only and neither the Owner, nor Atlas Hospitality Group, make any representation or warranty, expressed or implied, as to the accuracy or completeness of this confidential Package or its contents, and no legal liability is assumed or implied with respect thereto. Any person or firm intending to rely upon the information herein should verify said information independently.

By acknowledgment of your receipt of this Package, you agree that: its contents are confidential; you will hold and treat it in the strictest of confidence; you will not, directly or indirectly, disclose or permit anyone else to disclose this Package or its contents to any person, firm, or entity without prior written authorization of Atlas Hospitality Group; you will not use or permit this Package or its contents to be used in any fashion or manner detrimental to the interest of the Owner of the Property. PHOTOCOPYING OR OTHER DUPLICATION OF ANY PART OF THIS PACKAGE IS STRICTLY PROHIBITED.

THE OWNER OF THE PROPERTY EXPRESSLY RESERVES THE RIGHT AT ITS SOLE DISCRETION TO REJECT ANY OR ALL PROPOSALS OR EXPRESSIONS OF INTEREST IN THE PROPERTY AND TO TERMINATE DISCUSSIONS WITH ANY PARTY AT ANY TIME WITH OR WITHOUT NOTICE. THIS PACKAGE SHALL NOT BE DEEMED A REPRESENTATION OF THE STATE OF AFFAIRS OF THE PROPERTY NOR CONSTITUTES AN INDICATION THAT THERE HAS BEEN NO CHANGE IN THE BUSINESS OR AFFAIRS OF THE PROPERTY SINCE THE DATE OF PREPARATION OF THIS PACKAGE. THE PROPERTY WILL BE SOLD ON AN "AS-IS, WHERE-IS" BASIS WITHOUT REPRESENTATION OR WARRANTY.

If you do not wish to pursue negotiations leading to the acquisition of this Property, or if you discontinue such negotiations, you agree to return this confidential Package to Atlas Hospitality Group. If you do not agree to abide by the terms stipulated in this Statement, please return this Package to Atlas Hospitality Group prior to your review of the information contained herein.